Putnam Opposes Theft of Federal Medicaid Dollars from County Governments

16 February 2023

Carmel NY – Last week, Putnam County Executive Kevin Byrne joined County Executives from across the state along with New York City Mayor Eric Adams in sending a letter opposing Governor Kathy Hochul’s plan to stop sharing federal Medicaid dollars with local governments. Details of her proposal were revealed in the Governor’s 2024 Executive Budget Proposal, in which she restructures the method by which Affordable Care Act (ACA) enhanced Federal Medical Assistance Program (eFMAP) dollars are shared with localities. Byrne expressed his own strong opposition to the proposal because of the direct fiscal impact it would have on Putnam County’s residents.

“Governor Hochul’s proposal to stop sharing federal Medicaid dollars with Putnam County is simply unacceptable,” said County Executive Byrne. “In New York, it is our county governments that administer services our most vulnerable residents rely on. Governor Hochul wants to siphon away more than $1.2 million from Putnam County that directly assists safety net programs, keep it for her own frivolous projects, and force local property taxes to increase.”

If enacted in the State’s 2024 budget, this would be a significant break from a 20-year history of sharing federal Medicaid dollars with counties and threaten to cut off hundreds of millions of dollars to county governments across New York. In most other states, social safety net services are paid for entirely by federal and state governments. In New York, state mandates associated with the Medicaid program exceed federal mandates increasing costs of services administered and paid for, in part, by local property tax dollars. Changing the federal Medicaid formula would increase this burden, forcing counties across the state to find other sources of revenue, including property tax increases, or cuts to “non-essential” services, to fund these programs.

Byrne continued, “I urge our state legislators to join county leaders in opposition to this proposal and look forward to working with my former colleagues in the legislature to propose a new budget plan.” Prior to serving as Putnam County Executive, Byrne was the ranking member of the Assembly’s Health Committee, a member of the Way & Means Committee and member of New York State’s Council on Health Care Financing.

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County Joins with Other Municipalities in Voicing Concerns Related to Medical Assistance Percentage

GENESEO, N.Y., Feb. 8, 2023 – Livingston County is joining with a growing chorus that includes the New York State Association of Counties in calling on the State of New York to continue providing pass-through assistance from Affordable Care Act Enhanced Federal Medical Assistance Percentage funds.

Originally intended to incentivize states to expand the Medicaid program and help Counties and New York City shoulder the costs associated with supporting Medicaid, New York Governor Kathy Hochul is proposing in her 2023-2024 Executive Budget to keep the pass-through funding in an effort to cover other state spending obligations. In doing so, the State would ensure that its 57 Counties have an added financial burden to the tune of hundreds of millions of dollars annually while New York City could face even higher amounts in unbudgeted costs.

“We respectfully implore Governor Hochul to change her proposed plan in the Executive Budget and continue to share this critical Federal aid,” said David L. LeFeber, Chair of the Livingston County Board of Supervisors. “While our County is continually applauded for its responsible fiscal planning, having to stare down a significant added cost is a heavy added burden for our residents to bear. The expected impact to Livingston County alone is projected to be $1.1 million in 2023.”

Since 2003, the State has shared funding received through eFMAP proportionally with Counties after the program was enacted by the United States Congress. Should local governments no longer receive the pass-through funding, as it was intended, many Counties may be forced to adjust programming and funding used to support other important initiatives.

“At a time when New York is facing an affordability crisis, the last thing the Governor should do is burden local taxpayers with more costs that will drive up the cost of homeownership and rent, increase business expenses and make New York more unaffordable,” added Michael E. Zurlo, President of the New York State Association of Counties.

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NYSAC: Counties United In Opposition To Budget Proposal That Would Take $625 Million From Local Taxpayers

One unintended consequence of the proposed $227 billion state budget is that it will increase the cost of home ownership and rents across New York State, according to testimony presented today by the NYS Association of Counties (NYSAC).

The 2024 Executive State Budget proposes to withhold $625 million in federal funds that counties have used for more than a decade to prevent local property tax increases.

In testimony to the New York State Legislature's Joint Budget Committee on Local Government, NYSAC detailed the harm that the proposal would do to local taxpayers and encouraged State Lawmakers to reject this proposal.

The proposal would reverse 20 years of precedent by ending the practice of sharing federal Medicaid aid with counties that help pay for the program. If enacted, the first year of this action will cost counties $281 million and another $345 million to New York City. In three years, the impact of this new proposal will compound, costing local taxpayers more than $2.5 billion over the three-year period.

“Not only does this proposal harm New York's local taxpayers, but it also subverts Congress' intent for this funding to be shared with the local governments that contribute to the state's Medicaid program,” said Clinton County Administrator Michael E. Zurlo, president of NYSAC. “At $7.6 billion a year, counties in New York contribute more than all other counties in the nation combined.”

The budget proposal targets eFMAP funding that was provided to states as part of the federal Affordable Care Act (ACA). In New York State, the ACA eFMAP has been used by the state to help fund the Medicaid program and by counties to help stabilize property taxes and provide other needed local services.

In a letter to the Governor, all 19 of New York's county executives called on the State Legislature to reject a proposal in the Governor's budget that ends the longstanding practice of sharing federal Medicaid funds, known as enhanced Federal Medical Assistance Percentage (eFMAP), with counties.

“As a former county official, you can appreciate that new costs imposed on local governments eventually come out of all New Yorkers' pockets in the form of increased property taxes which make our state a less affordable place to live, work, or start a business,” said the letter signed by New York's bi-partisan group of county executives.

Instead of sharing these federal dollars with counties to apply toward local tax relief, the State Budget and financial plan divert the funding to other areas in the $227 billion state budget, including depositing $5.4 billion in reserves.

The impact of the state's withholding of the federal Medicaid assistance will be felt as soon as the budget is enacted because counties' 2023 budgets are already locked in place.
“A major factor in the creation of our state's affordability crisis is the state's long history of imposing higher and higher costs on its local governments,” said NYSAC Executive Director Stephen J. Acquario. “The last thing the State should do is burden local taxpayers with more costs that will drive up the cost of homeownership and rent, increase business expenses, and make New York more unaffordable.”

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